



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Peoples Bancorp Inc.

Person to be contacted regarding this report:	Edward G. Sloane, Chief Financial Officer & Treasurer
CPP Funds Received:	\$39,000,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	1/30/2009
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	1070578
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	Marietta
State:	Ohio

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	Peoples was an active lender prior to CPP Capital investment. While the economic impact on commercial borrowers impacted loan demand, Peoples continued lending to creditworthy borrowers, especially small business, due in part to the CPP Capital.
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<input type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	
<input type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	
<input type="checkbox"/>	Make other investments	
<input type="checkbox"/>	Increase reserves for non-performing assets	

<input checked="" type="checkbox"/>	Reduce borrowings	The CPP Capital funds were used initially to reduce overnight borrowings in order to create additional liquidity and capacity to remain an active lender.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input type="checkbox"/>	Held as non-leveraged increase to total capital	

What actions were you able to avoid because of the capital infusion of CPP funds?

Absent the CPP Capital, Peoples may have had to either (1) reduce commercial lending or (2) limit other business activities, such as physical expansion plans or implementation of new products or services, given the greater value placed on maintaining prudent capital levels in a turbulent economic environment.

Prior to the CPP capital infusion, the capital levels for both Peoples and its banking subsidiary were substantially higher than amounts required to be "well capitalized" by banking regulators. However, the contracting economy and commercial real estate market during 2008 and 2009 challenged these capital levels through elevated levels of nonperforming loans, charge-offs and provision for loan losses. These conditions amplified the need to maintain strong capital positions, thereby making capital more valuable to banks like Peoples. The CPP Capital provided Peoples with a low-cost alternative to issuing additional common equity in order to maintain prudent capital levels and continue lending in uncertain economic conditions.

While Peoples remained an active lender within its communities, overall loan demand within Peoples' markets diminished, due largely to the weakened economy and resulting impact on various businesses. Additionally, the economic uncertainty caused Peoples to tighten credit standards for new commercial loans.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

The CPP Capital funds afforded Peoples the ability to improve its short-term liquidity position by reducing overnight borrowings initially. The improved short-term liquidity position strengthened Peoples' ability to continue making loans without relying on higher-cost funding. Without this added liquidity, Peoples' ability to fund new loan originations may have been limited by its ability to attract and retain retail deposits or acquire other wholesale funding.

Peoples bolstered the capital position of its banking subsidiary by injecting \$18 million of the \$39 million CPP funds into the Bank. The Bank's stronger capital position created additional liquidity, in the form of greater wholesale borrowing capacity through existing relationships, and greater ability to continue lending in uncertain economic times. While the remaining \$21 million continues to be held by Peoples, these funds are considered "restricted funds" and are to be used solely for lending activities.

Peoples used its stronger capital position, due to the CPP Capital, to implement a mortgage and consumer relief program, which offers financial assistance to distressed borrowers who have the willingness and capacity to make payments, and expand its focus on lending to small businesses. In 2009, Peoples' mortgage and consumer relief program assisted approximately 64 borrowers, with total loan amounts of \$2 million. The focused attention on small business lending during 2009 resulted in Peoples making \$2.5 million of new small business loans.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

A large, empty rectangular box with a thin black border, intended for a response. The box is currently blank, with no text or markings inside.

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1505-0222. The time required to complete this information collection is estimated to average 80 hours per response.